

SCHEDULE IA 130

IA 1040

41-126B

**SCHEDULE IA 130 — STATE OF IOWA
OUT-OF-STATE CREDIT COMPUTATION**

1997

Name(s) as shown on page 1 of Form IA 1040

Social Security Number

GENERAL INSTRUCTIONS: (Also see instructions for line 63 IA 1040)

- Nonresidents of Iowa may not claim this credit.
- Part-year residents of Iowa may claim this credit **ONLY** if any income earned while an Iowa resident was also taxed by another state or foreign country.
- The tax imposed on your income is the tax shown on the income tax return you filed with that state or foreign country.
- You must complete a separate IA 130 for each state or foreign country.

Shareholders of "S" Corporations who have income from the corporation that was apportioned outside Iowa and not taxed by Iowa can not claim an out-of-state credit on this income.

NOTE: The credit or portion of the credit must not exceed the amount of the Iowa tax imposed on the same income which was taxed by the other state or foreign country.

Name of State/Country that taxed income also taxed by Iowa:

SPOUSE	YOU

FULL YEAR IOWA RESIDENTS complete Section I only.

PART YEAR IOWA RESIDENTS complete Section II only.

SECTION I — FULL YEAR IOWA RESIDENTS ONLY

Column B Spouse-filing status 3 only	Column A You or Joint
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1. Amount of gross income you received that was taxed by the other state/foreign country	1.	.00	▲	.00
2. Gross income for residents from line 15, IA 1040	2.	.00		.00
3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%)	3.	%		%
4. Tax from line 55, IA 1040 (less lump sum tax and minimum tax)	4.	.00		.00
5. Multiply line 4 by percentage on line 3	5.	.00		.00
6. Enter the tax imposed by the other state or foreign country	6.	.00	▲	.00
7. Enter the SMALLER of lines 5 or 6. This is your out-of-state tax credit. Enter this amount on line 63, IA 1040	7.	.00		.00

Column B Spouse-filing status 3 only	Column A You or Joint
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SECTION II — PART YEAR IOWA RESIDENTS ONLY

1. Amount of gross income you received while you were an Iowa resident that was taxed by the other state/foreign country	1.	.00	▲	.00
2. Gross income for part year residents from line 15, IA 126	2.	.00		.00
3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%)	3.	%		%
4. Tax from line 55, IA 1040 (less lump sum tax and minimum tax)	4.	.00		.00
5. Multiply line 4 by percentage on line 3	5.	.00		.00
6. Enter the tax imposed by the other state or foreign country	6.	.00	▲	.00
7. Enter the total amount of gross income taxed by the other state/foreign country	7.	.00	▲	.00
8. Divide line 1 by line 7 and enter the percentage (not to exceed 100.0%)	8.	%		%
9. Multiply line 6 by percentage on line 8	9.	.00		.00
10. Enter the SMALLER of lines 5 or 9. This is your out-of-state tax credit. Enter this amount on line 63, IA 1040	10.	.00		.00

Attach this schedule and a copy of the income tax return you filed with the other state to your IA 1040 return. If you are filing electronically, attach a copy of the income tax return you filed with the other state to your IA 8453. If you are claiming the out-of-state tax credit for taxes paid to a foreign country, attach a copy of Federal Form 1116, Computation of Foreign Tax Credit. Please see page 3 of the instruction booklet if you were assessed a minimum tax or a special tax on a lump sum distribution by another state.

**ATTACH A COPY OF THE INCOME TAX RETURN OF THE OTHER STATE TO THIS SCHEDULE
SUBMIT BOTH WITH YOUR IA 1040.**

IA 130

1997

41-126b (9/97)

EXAMPLES OF SCHEDULE IA 130

Schedule IA 130, the State of Iowa Out-of-State Credit Computation, is only for residents or part-year residents of Iowa who earned income while an Iowa resident which was taxed by another state or foreign country. Nonresidents of Iowa may not complete the IA 130 nor claim the out-of-state tax credit.

Below are two examples on how to complete the IA 130.

EXAMPLE 1: FULL-YEAR IOWA RESIDENTS ONLY

Jennifer lived in Iowa all year but worked in both Iowa and Nebraska. She earned \$10,000 in Iowa. She also earned \$15,000 in Nebraska that was taxed by Nebraska. Jennifer would report \$25,000 on line 15 of the IA 1040 as gross income. Line 55 of the IA 1040 would be \$1,050. On the Nebraska state return the tax imposed* on her income was \$450.

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| 1. Amount of gross income you received that was taxed by the other state/foreign country. | 1. <u>15,000</u> |
| 2. Gross income for residents from line 15, IA 1040 | 2. <u>25,000</u> |
| 3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%) | 3. <u>60%</u> |
| 4. Tax from line 55, IA 1040 (less lump sum tax and minimum tax) | 4. <u>1,050</u> |
| 5. Multiply line 4 by percentage on line 3 | 5. <u>630</u> |
| 6. Enter the tax imposed* by the other state or foreign country | 6. <u>450</u> |
| 7. Enter the smaller of line 5 or 6. This is your out-of-state tax credit. Enter this amount on line 63, IA 1040 | 7. <u>450</u> |

***“Tax imposed”** is the tax calculated from the formula/tables on the other state/foreign country tax return, less any non-refundable credits. Do not reduce this figure by the tax withheld or estimated tax payment made to the other state/foreign country.

EXAMPLE 2: PART-YEAR IOWA RESIDENTS ONLY

Benny lived in Iowa until the end of June. July 1 he moved to Missouri. He worked all year in the state of Missouri. Benny earned a salary of \$30,000 for the year, \$15,000 while he lived in Iowa and \$15,000 while he lived in Missouri. Benny also earned \$10,000 farm rental income from farmland located in Iowa. Line 55 of the IA 1040 would be \$1,292. On the Missouri state return, the tax imposed* on his income was \$1,000.

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| 1. Amount of gross income received while you were an Iowa resident that was taxed by the other state/foreign country. | 1. <u>15,000</u> |
| 2. Gross income for part-year residents from line 15, IA 126 | 2. <u>25,000</u> |
| 3. Divide line 1 by line 2 and enter the percentage (not to exceed 100.0%) | 3. <u>60%</u> |
| 4. Tax from line 55, IA 1040 (less lump sum tax and minimum tax) | 4. <u>1,292</u> |
| 5. Multiply line 4 by percentage on line 3 | 5. <u>775</u> |
| 6. Enter the tax imposed* by the other state or foreign country | 6. <u>1,000</u> |
| 7. Enter the total amount of gross income taxed by the other state/foreign country. | 7. <u>30,000</u> |
| 8. Divide line 1 by line 7 and enter the percentage (not to exceed 100.0%) | 8. <u>50%</u> |
| 9. Multiply line 6 by the percentage on line 8 | 9. <u>500</u> |
| 10. Enter the smaller of line 5 or 9. This is your out-of-state tax credit. Enter this amount on line 63, IA 1040 | 10. <u>500</u> |